

**DICKINSON COUNTY RURAL WATER DISTRICT NO. 2
CARLTON, KANSAS**

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT**

For the years ended December 31, 2011 and 2010

DICKINSON COUNTY RURAL WATER DISTRICT NO. 2
CARLTON, KANSAS

TABLE OF CONTENTS

| | <u>Page Number</u> |
|--------------------------------------|------------------------|
| Independent Auditors' Report | 1 |
| Management's Discussion and Analysis | 2 |
| Statements of Net Assets | 3 |
| Statements of Activities | 4 |
| Statements of Cash Flows | 5 |
| Notes to Financial Statements | 6-9 |
| Supplementary Information | 11 |



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INDEPENDENT AUDITORS' REPORT

We have audited the financial statements of Dickinson County Rural Water District No. 2, as of and for the years ended December 31, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the Kansas Municipal Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Dickinson County Rural Water District No. 2, as of December 31, 2011 and 2010 and the results of operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 2 and 11, are not a required part of basic financial statements but are supplementary information required by accounting principles generally accepted by the United States of America. We have applied certain limited procedures, which consisted primarily of inquiring of management regarding the methods of measurement and presentation of the supplementary information. However we did not audit the information and express no opinion on it.

Pottberg, Gassman & Hoffman, Chtd.

Pottberg, Gassman, & Hoffman, Chartered
Abilene, Kansas
March 23, 2012

MEMBERS:
American Institute of
Certified Public Accountants

Kansas Society of Certified
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DICKINSON COUNTY RURAL WATER DISTRICT NO. 2
CARLTON, KANSAS
DECEMBER 31, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the Dickinson County Rural Water District No. 2 (District) annual financial report, the District's management provides narrative discussion and analysis of the financial activities of the District for the year ended December 31, 2011. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section.

Total funds spent for Capital Improvement Projects in 2011 were \$4,100 for a truck, \$3,025 for a service box, and \$2,914 for a Ditch Witch Locator. Additional funds of \$15,502 were spent on infrastructure improvements. During 2011, the District continued with their mandatory conservation measures. These directives have not been lifted since their inception in 2008 and most likely will not be in the near future. Drought conditions of the past few years have depleted the water table in Abilene's well field. It will take considerable rainfall to replenish the water supply. Annual water usage in 2011 was 52,415,000 gallons, an increase in usage of 3,749,100 gallons from 2010. This increase can be attributed to the accuracy of the radio read meters and customer leaks. One new benefit unit was added in 2011 and four forfeited for a total of 683 benefit units in the District.

At the August 2011 monthly meeting of the Board of Directors, members of the Board approved the Phase III project. This construction will provide a second connection with the City of Abilene, the District's source of water. An additional 6 miles of 8" HDPE main distribution water line will allow for better water pressure and loop both river connections. If one connection should fail, patrons would still have water service while repairs are being made. An additional 2 miles of 8" HDPE main distribution line is replacement line. The District is in the process of obtaining a twenty year loan at 2.43% for a total project cost not to exceed \$1,100,720 from the Kansas Public Water Supply Loan Funds. The project is expected to begin in late summer 2012.

The District is obligated to establish a Reserve Fund Account to comply with the requirements of the Rural Development Loan. The Reserve Fund Account for the 40-year Rural Development Loan is fully funded at \$26,004. The reserve account must be maintained until the debt is paid in full.

In an effort to be frugal, operating costs were kept to a minimum in 2011.

The board has designated a reservation of unrestricted net assets for capital improvements of \$304,925 and for debt payment in the amount of \$28,359. Capital contributions are benefit units sold during 2011. Overall, there was an increase in our cash assets of \$61,057.

This financial report is designed to provide a general overview of the District's finances and demonstrate the District's commitment to public accountability. If you have any question about this report or would like to request additional information, contact the District office at 320A Main Avenue, Carlton, KS 67448.

DICKINSON COUNTY RURAL WATER DISTRICT NO. 2
STATEMENTS OF NET ASSETS
DECEMBER 31,

| ASSETS | <u>2011</u> | <u>2010</u> |
|---|----------------------------|----------------------------|
| Current Assets | | |
| Cash and Cash Equivalents | | |
| Checking Account - CNB | \$ 6,741 | \$ 5,161 |
| Money Market - CNB | 444,880 | 159,695 |
| Certificates of Deposit | 79,216 | 304,924 |
| Total Cash and Cash Equivalents | 530,837 | 469,780 |
| Accrued Interest Receivable | 1,719 | 1,719 |
| Accounts Receivable - Net | 32,858 | 32,069 |
| Inventory | 22,308 | 19,682 |
| Total Current Assets | <u>587,722</u> | <u>523,250</u> |
| Noncurrent Assets | | |
| Capital Assets | | |
| Water System and Equipment | 3,170,408 | 3,149,457 |
| Abilene Treatment Plant | 924,194 | 924,194 |
| Navarre Project | 263,975 | 263,975 |
| Westar Project | 56,170 | 56,170 |
| Office Equipment and Vehicles | 125,366 | 150,565 |
| Accumulated Depreciation | (2,390,103) | (2,310,841) |
| Total Capital Assets | 2,150,010 | 2,233,520 |
| Certificate of Deposit - Note Reserve | 28,702 | 28,360 |
| Total Noncurrent Assets | <u>2,178,712</u> | <u>2,261,880</u> |
| TOTAL ASSETS | <u><u>\$ 2,766,434</u></u> | <u><u>\$ 2,785,130</u></u> |
| LIABILITIES AND NET ASSETS | | |
| Current Liabilities | | |
| Accounts Payable | \$ 11,358 | \$ 2,696 |
| Payroll Taxes Payable | 2,533 | 2,078 |
| Water Protection and Clean Water Fees Payable | 705 | 665 |
| Sales Tax Payable | 37 | 78 |
| Accrued Interest Payable | - | - |
| Compensated Absences | 370 | 370 |
| Current Portion of Note Payable | 7,471 | 7,125 |
| Total Current Liabilities | <u>22,474</u> | <u>13,012</u> |
| Noncurrent Liabilities | | |
| USDA Note Payable | 393,544 | 400,671 |
| Less Current Portion | (7,471) | (7,125) |
| Total Noncurrent Liabilities | <u>386,073</u> | <u>393,546</u> |
| Total Liabilities | <u>408,547</u> | <u>406,558</u> |
| Net Assets | | |
| Invested in Capital Assets, net of related debt | 1,756,466 | 1,832,849 |
| Restricted for Note Reserve | 26,004 | 26,004 |
| Unrestricted | 575,417 | 519,719 |
| Total Net Assets | <u>2,357,887</u> | <u>2,378,572</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u><u>\$ 2,766,434</u></u> | <u><u>\$ 2,785,130</u></u> |

The notes to the financial statements are an integral part of this statement.

DICKINSON COUNTY RURAL WATER DISTRICT NO. 2
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31,

| | <u>2011</u> | <u>2010</u> |
|--|---------------------------|---------------------------|
| OPERATING REVENUES | | |
| Monthly Minimum | \$ 236,620 | \$ 234,879 |
| Water Revenues | 183,891 | 169,234 |
| TOTAL OPERATING REVENUES | <u>420,511</u> | <u>404,113</u> |
| OPERATING EXPENSES | | |
| Analysis of Water System | 366 | 234 |
| Clean Drinking Water Fee | 1,561 | 1,432 |
| Director's Costs | 346 | 713 |
| Dues and Subscriptions | 798 | 662 |
| Electricity | 17,596 | 14,138 |
| Employee Benefits | 7,285 | 1,647 |
| Insurance | 11,871 | 9,602 |
| Legal, Accounting and Engineering Fees | 11,769 | 8,520 |
| Maintenance Supplies | 1,126 | 2,786 |
| Miscellaneous | 71 | 1,060 |
| Office Expense | 3,225 | 2,204 |
| Payroll Taxes | 9,702 | 8,461 |
| Postage | 4,126 | 3,367 |
| Printing | 2,206 | 1,667 |
| Rent and Lease Expense | 2,000 | 2,000 |
| Repairs and Maintenance | 35,828 | 19,903 |
| Salaries and Wages | 104,492 | 98,352 |
| Telemetry System | 1,472 | 1,724 |
| Telephone | 1,759 | 1,255 |
| Training | 1,607 | - |
| Travel | 642 | 1,113 |
| Truck Expense | 17,088 | 13,257 |
| Water Purchases - Abilene | 95,978 | 68,387 |
| TOTAL OPERATING EXPENSES | <u>332,914</u> | <u>262,484</u> |
| INCOME FROM OPERATIONS BEFORE | | |
| AMORTIZATION AND DEPRECIATION | 87,597 | 141,629 |
| Amortization | - | (4,678) |
| Depreciation | (118,963) | (115,715) |
| OPERATING INCOME (LOSS) | <u>(31,366)</u> | <u>21,236</u> |
| NON-OPERATING REVENUES AND EXPENSES | | |
| Interest Income | 4,931 | 7,409 |
| Other Income | 15,685 | 27,036 |
| Other Expense | (196) | (302) |
| Gain (Loss) on Sale of Assets | 3,585 | - |
| Interest Expense | (18,877) | (23,692) |
| TOTAL NON-OPERATING REVENUES (EXPENSES) | <u>5,128</u> | <u>10,451</u> |
| INCOME (LOSS) BEFORE CONTRIBUTIONS | <u>(26,238)</u> | <u>31,687</u> |
| Capital Contributions | 5,553 | 40,800 |
| CHANGE IN NET ASSETS | <u>(20,685)</u> | <u>72,487</u> |
| NET ASSETS, BEGINNING | 2,378,572 | 2,306,085 |
| NET ASSETS, ENDING | <u><u>\$2,357,887</u></u> | <u><u>\$2,378,572</u></u> |

The notes to the financial statements are an integral part of this statement.

DICKINSON COUNTY RURAL WATER DISTRICT NO. 2
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

| | <u>2011</u> | <u>2010</u> |
|--|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Cash Received from Customers | \$ 419,722 | \$ 405,216 |
| Cash Payments to Suppliers for Goods and Services | (221,140) | (154,670) |
| Cash Payments to Employees and Professional Contractors for Services | (116,261) | (106,502) |
| Net Cash Provided (Used) by Operating Activities | <u>82,321</u> | <u>144,044</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Acquisition and Construction of Capital Assets | (25,541) | (64,041) |
| Sale of Equipment | 4,650 | - |
| Principal Paid on Bonds and Notes | (7,127) | (186,797) |
| Interest Paid on Bonds and Notes | (18,877) | (25,187) |
| Other Capital Activities | 15,489 | 26,733 |
| Bond and Note Reserve Funds | (342) | 76,273 |
| Capital Contributions | 5,553 | 40,800 |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>(26,195)</u> | <u>(132,219)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Investment Income | 4,931 | 8,003 |
| Net Cash Provided (Used) by Investing Activities | <u>4,931</u> | <u>8,003</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 61,057 | 19,828 |
| Cash and Cash Equivalents at January 1 | 469,780 | 449,952 |
| Cash and Cash Equivalents at December 31 | <u>\$ 530,837</u> | <u>\$ 469,780</u> |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities | | |
| Income from Operations | \$ 87,597 | \$ 141,629 |
| Changes in Receivables | (789) | 1,103 |
| Changes in Inventory | (2,626) | 1,530 |
| Changes in Payables | (1,861) | (218) |
| Net Cash Provided by Operating Activities | <u>\$ 82,321</u> | <u>\$ 144,044</u> |

The notes to the financial statements are an integral part of this statement.

DICKINSON COUNTY RURAL WATER DISTRICT NO. 2
CARLTON, KANSAS
DECEMBER 31, 2011

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION DESCRIPTION

The Rural Water District No. 2, Dickinson County, Kansas, was declared incorporated as a quasi-municipal Corporation by the Board of Commissioners of Dickinson County, Kansas, on April 21, 1972.

Basis of Accounting

The District's financial information is reported on the accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America. The District performs proprietary activities and therefore is subject to all Governmental Accounting Standards Board (GASB) pronouncements (GASB 34 has been implemented) as well as Financial Accounting Standards Board (FASB) statements and interpretations, and Accounting Principles Board (APB) opinions that do not conflict with or contradict GASB pronouncements.

Statement of Cash Flows

For purposes of the statement of cash flows, the District considers all bank deposit accounts, money market accounts and certificates of deposits classified as current assets to be cash and cash equivalents. Certificates of deposit with maturities of longer than three months can still be used by the District to meet current liabilities if they wish to pay any applicable penalties.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Capital Assets

Capital assets purchased for \$500 or more are capitalized at cost. Depreciation is recorded based on the estimated useful life of each asset using the straight-line method.

Inventory

Inventory is stated at cost and consists of pipe, valves, meters, and other items needed to repair water lines.

Accounts Payable

Accounts payable consist of invoices received from vendors for services or products received during the period but not yet paid.

Operating Activities

Operating revenues result from exchange transactions associated with the activity of the water district. Each party receives and gives up essentially equal values. Non-operating revenue results from non-exchange transactions such as investment earnings.

NOTE 2 – DEPOSITORY SECURITY

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

DICKINSON COUNTY RURAL WATER DISTRICT NO. 2
CARLTON, KANSAS
DECEMBER 31, 2011

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – DEPOSITORY SECURITY (CONTINUED)

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices.

Concentration of credit risk. State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The District has no designated "peak periods." All deposits were legally secured at December 31, 2011 and 2010.

At December 31, 2011 the District's carrying amount of deposits was \$559,539 and the bank balance was \$561,877. The bank balance was held by one bank, resulting in a concentration of credit risk. Of the bank balance, \$250,000 was covered by federal depository insurance and \$311,877 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable are customer water bills that have been invoiced but remain unpaid. The balance is shown net of the allowance for doubtful accounts. Using past payment history and the aging report, the allowances as of December 31, 2011, and 2010 have been determined to be zero.

The following is an aging of accounts receivable for the District at December 31, 2011:

| <u>Accounts Receivable</u> | <u>Total</u> | <u>Current</u> | <u>Over 30 Days</u> |
|----------------------------|--------------|----------------|---------------------|
| Customers | \$32,858 | \$32,098 | \$760 |

NOTE 4 – CAPITAL ASSETS

Financial statements issued for 1974 and prior periods reported only cash receipts and disbursements for the period covered. Historical costs for the District and financing received from grants and land owners were not accumulated. The total cost of the water system's depreciable property was determined to be \$2,145,359. This cost is being depreciated over fifty (50) years useful life, which began on October 1, 1975. Other assets are being depreciated with useful lives ranging from five years for vehicles and computers to 50 years for water distribution system upgrades and additions.

DICKINSON COUNTY RURAL WATER DISTRICT NO. 2
CARLTON, KANSAS
DECEMBER 31, 2011

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 – CAPITAL ASSETS (CONTINUED)

| <u>Balance</u> <u>January 1, 2011</u> | <u>Accumulated</u> <u>Depreciation</u> | <u>Purchases</u> | <u>Disposals</u> | <u>Depreciation</u> | <u>Balance</u> <u>December 31, 2011</u> |
|--|---|------------------|------------------|---------------------|--|
| <u>\$ 4,544,361</u> | <u>(\$2,310,841)</u> | <u>\$36,519</u> | <u>(\$1,066)</u> | <u>(\$118,963)</u> | <u>\$2,150,010</u> |

NOTE 5 – BUDGETS AND BUDGETARY ACCOUNTING

The District is not required to adopt a legal budget, therefore, no budgetary comparison is prepared as a financial statement. The Board approves a budget each year, which is used by management to internally monitor the District's expenditures and is presented as supplementary information.

NOTE 6 – NOTES PAYABLE

On October 28, 1998, the District financed a forty (40) year mortgage note for \$465,000 with the United States Department of Agriculture, Rural Development. Monthly payments of \$2,167 are being made, which totals to \$26,004 annually. Rural Development computes the interest due each month, as the payment is made, and thus the principle payments are approximate. Interest is computed at 4.75% annually. A reserve account of \$26,004 is required. The balance is segregated in a Certificate of Deposit at Central National Bank in Gypsum. The current balance is \$28,702.

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Payment</u> |
|-------------|-------------------|-------------------|----------------------|
| 2012 | 7,471 | 18,533 | 26,004 |
| 2013 | 7,834 | 18,170 | 26,004 |
| 2014 | 8,215 | 17,789 | 26,004 |
| 2015 | 8,613 | 17,391 | 26,004 |
| 2016 | 9,032 | 16,972 | 26,004 |
| 2017-2021 | 52,176 | 77,844 | 130,020 |
| 2022-2026 | 66,132 | 63,888 | 130,020 |
| 2027-2031 | 83,822 | 46,198 | 130,020 |
| 2032-2036 | 106,242 | 23,778 | 130,020 |
| 2037-2038 | <u>44,007</u> | <u>8,001</u> | <u>52,008</u> |
| Totals | <u>\$ 393,544</u> | <u>\$ 308,564</u> | <u>\$ 702,108</u> |

NOTE 7 – LONG-TERM DEBT

The following schedule shows the changes in long-term debt and related maturities.

| <u>Description</u> | <u>Date</u> <u>Issued</u> | <u>Original</u> <u>Amount</u> | <u>Outstanding</u> <u>1-1-11</u> | <u>Principal</u> <u>Payments</u> | <u>Outstanding</u> <u>12-31-11</u> | <u>Interest</u> <u>Paid</u> <u>In 2011</u> |
|-----------------------|------------------------------|----------------------------------|-------------------------------------|-------------------------------------|---------------------------------------|--|
| USDA Note | 10-28-98 | 456,000 | 400,671 | 7,127 | 393,544 | 18,877 |
| Total Indebtedness | | <u>\$456,000</u> | <u>\$400,671</u> | <u>\$7,127</u> | <u>\$393,544</u> | <u>\$18,877</u> |

DICKINSON COUNTY RURAL WATER DISTRICT NO. 2
CARLTON, KANSAS
DECEMBER 31, 2011

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 - RETIREMENT PLAN

The district provides annuities for its eligible full-time employees. The District contributes 3% of the employee's salary to their annuity. If employment is terminated, the annuity remains the property of the employee. In 2011, the District contributed \$1,285 and in 2010 \$1,277 to the retirement plan. The annuities are with the Hartford Life Insurance Company.

NOTE 9 - LITIGATION

There were no legal actions involving the Dickinson District as of December 31, 2011.

NOTE 10 - COMPENSATED ABSENCES POLICY

The District provides sick leave for their eligible full-time employees at a rate of ½ day per month. These days may be carried forward to future years. If the employment is terminated, the sick leave is lost. Vacation compensation for eligible full-time employees is earned after one year of employment, accumulates, and any unused is paid at termination. After one year, 5 days are earned; for two through twenty years of service 10 days are earned; and for over twenty years, 15 days of vacation are earned. At December 31, 2011 and 2010, the value of accrued vacation was \$370.

NOTE 11- DESIGNATIONS OF UNRESTRICTED NET ASSETS

The Board of Directors has designated a reservation of unrestricted net assets for capital improvements in the amount of \$304,927 and for debt payment in the amount of \$28,360 as of December 31, 2011. At December 31, 2010, capital improvements and debt service were designated at \$226,890 and \$78,038 respectively.

NOTE 12 – RISK MANAGEMENT

Dickinson County Rural Water District No. 2 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To insure against risk of these types of losses, the District has purchased commercial insurance coverage from EMC Companies through Anderson Peck Agency Inc. in Topeka, Kansas. Settled claims resulting from these risks have not exceeded commercial coverage in the past three fiscal years.

NOTE 13 – RELATED PARTIES

All the members of the board of directors and all but two employees are water district customers. The only material transactions were water purchases consummated on the same terms as all other water customers. All were current at year-end.

NOTE 14 – SUBSEQUENT EVENTS

At the August 2011 monthly meeting of the Board of Directors, members of the Board approved the Phase III project. This construction will provide a second connection with the City of Abilene, the District's source of water. The District is in the process of obtaining a twenty year loan at 2.43% for a total project cost not to exceed \$1,100,720 from the Kansas Public Water Supply Loan Funds. The project is expected to begin in late summer 2012. The district has evaluated subsequent events through March 23, 2012, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

DICKINSON COUNTY RURAL WATER DISTRICT NO. 2
BUDGET REPORT - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

| | | | |
|---|---------------------|------------------|-------------------|
| OPERATING REVENUES | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
| Monthly Minimum | \$ 242,000 | \$ 236,225 | \$ (5,775) |
| Water Revenues | 170,000 | 183,497 | 13,497 |
| TOTAL OPERATING REVENUES | <u>412,000</u> | <u>419,722</u> | <u>7,722</u> |
| EXPENDITURES | | | |
| Analysis of Water System | 500 | 366 | (134) |
| Audit Fees | 6,500 | 6,050 | (450) |
| Backhoe & Trailer Expense | 1,500 | 363 | 1,137 |
| Clean Drinking Water Fee | 1,500 | 1,521 | 21 |
| Director's Costs | - | 346 | 346 |
| Dues and Subscriptions | 800 | 798 | (2) |
| Employee Benefits | 8,300 | 7,285 | (1,015) |
| Engineering Fees and Meter System Support | 4,300 | 4,577 | 277 |
| Insurance | 11,000 | 11,871 | 871 |
| Legal Fees | 2,000 | 1,714 | (286) |
| Maintenance Supplies | 1,000 | 1,126 | 126 |
| Maintenance Repairs | 11,000 | 25,804 | 14,804 |
| Miscellaneous | 1,000 | 112 | (888) |
| Office Expense | 3,460 | 2,989 | (471) |
| One Call | 225 | 150 | (75) |
| Payroll Taxes | 8,500 | 9,247 | 747 |
| Postage | 3,800 | 4,126 | 326 |
| Printing | 2,000 | 2,206 | 206 |
| Pump Maintenance | 1,000 | - | (1,000) |
| Rent and Lease Expense | 2,000 | 2,000 | - |
| Salaries & Wages | 99,000 | 104,492 | 5,492 |
| Tank Maintenance | 13,000 | 13,020 | 20 |
| Telemetry System | 1,800 | 1,472 | (328) |
| Telephone | 1,470 | 1,759 | 289 |
| Training | 2,000 | 1,607 | (393) |
| Travel | 1,500 | 642 | (858) |
| Truck Expense | 20,200 | 18,184 | (2,016) |
| Utilities | 15,275 | 17,596 | 2,321 |
| Water Purchases - Abilene | 105,000 | 95,978 | (9,022) |
| TOTAL OPERATING EXPENDITURES | <u>329,630</u> | <u>337,401</u> | <u>7,771</u> |
| DEBT RETIREMENT: | | | |
| Note Principal Paid | 7,127 | 7,127 | - |
| Note Interest | 18,877 | 18,877 | - |
| TOTAL EXPENDITURES | <u>355,634</u> | <u>363,405</u> | <u>7,771</u> |
| OTHER INCOME (EXPENSES) | | | |
| New Benefit Units | - | 5,553 | 5,553 |
| Interest Income | 7,000 | 4,931 | (2,069) |
| Gain on Sale | - | 4,650 | 4,650 |
| Other Income and (Expense) | - | 15,147 | 15,147 |
| Capital Improvements | (208,000) | (25,541) | 182,459 |
| TOTAL OTHER INCOME (EXPENSE) | <u>(201,000)</u> | <u>4,740</u> | <u>205,740</u> |
| INCREASE (DECREASE) IN CASH | <u>\$ (144,634)</u> | <u>\$ 61,057</u> | <u>\$ 205,691</u> |

The notes to the financial statements are an integral part of this statement.